

U.S. DEPARTMENT OF THE INTERIOR  
Minerals Management Service  
Royalty Management Program

# GAS TRANSPORTATION ALLOWANCE REPORT

OMB NO. 1010 - 0075  
Expires October 31, 1997

FOR MMS USE ONLY:

1 PAYOR NAME \_\_\_\_\_

2 PAYOR CODE \_\_\_\_\_

ADDRESS \_\_\_\_\_

4 FEDERAL ☐  
or  
INDIAN ☐

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

5 REPORT TYPE ☐

Public reporting burden for this form is estimated to range from 1 to 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form including suggestions for reducing this burden to the Information Collection Clearance Officer, Mail Stop 2053, Minerals Management Service, 381 Elden Street, Herndon, Va 22070; and the Office of Management and Budget, Paperwork Reduction Project (1010 - 0075), Washington, DC 20503.

6 REPORTING PERIOD \_\_\_\_\_ 19\_\_\_\_  
to \_\_\_\_\_ 19\_\_\_\_

3 FOR PAYOR USE ONLY:

7	8	9	10	11	12 PRIOR PERIOD ACTUAL DATA			13 CURRENT PERIOD ESTIMATED DATA		
					a	b	c	a	b	c
	ACCOUNTING IDENTIFICATION (AID) NUMBER	PRODUCT CODE	SELLING ARRANGEMENT CODE	ARM'S-LENGTH/ PAYOR-OWNED INDICATOR	ROYALTY QUANTITY	ALLOWANCE RATE PER UNIT	ROYALTY ALLOWANCE AMOUNT	ROYALTY QUANTITY	ALLOWANCE RATE PER UNIT	ROYALTY ALLOWANCE AMOUNT
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										

12	PAGE TOTAL		XXXXXXXXXX		XXXXXXXXXX
13	REPORT TOTAL (LAST PAGE ONLY)		XXXXXXXXXX		XXXXXXXXXX
IF MORE LINES ARE NEEDED, ATTACH ADDITIONAL PAGES OF FORM MMS-4295					

I have read and examined the statements in this report and, to the best of my knowledge, they are accurate and complete.	
NAME (FIRST, MIDDLE INITIAL, LAST) (typed or printed)	DATE:
AUTHORIZED SIGNATURE:	DATE:
NAME OF PREPARER:	TELEPHONE NUMBER:

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

THIS INFORMATION SHOULD BE CONSIDERED (Please check one) ☐ PROPRIETARY ☐ NONPROPRIETARY

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires MMS to inform you that this information is being collected for the purpose of managing its gas transportation allowance program.

FORM MMS-4295 -- GENERAL INSTRUCTIONS,  
GAS TRANSPORTATION ALLOWANCE REPORT

The purpose of Form MMS-4295 is to provide for the determination and reporting of costs for transporting gas and gas plant products under 30 CFR 206.157. Allowable transportation costs must be based upon the following criteria: (1) arm's-length based allowances--allowable cost incurred under an arm's-length contract or tariff; and (2) non-arm's-length based allowance--actual, allowable operating cost plus depreciation, plus a return on the undepreciated portion of the depreciable capital investment or, with prior MMS approval, an approved tariff. Allowable cost divided by lease production yields the transportation allowance rate.

In accordance with 30 CFR 206.156, a payor may deduct from royalty payments the reasonable actual costs incurred by the lessee to transport unprocessed gas, residue gas, and gas plant products from a lease to a point off the lease including, if appropriate, transportation from the lease to a gas processing plant off the lease and from the plant to a point away from the plant. No allowance will be given for transporting lease production from OCS Section 6 (Form Feb. 1942) leases. Costs for transporting products, excluding waste products which have no value, which are not valued for royalty purposes will be allowed only if the lessee has secured prior approval from MMS.

For transportation costs incurred under arm's-length conditions, Schedule 1 will be used to determine the allowance and will be submitted to MMS with Page 1 of Form MMS-4295. For transportation costs incurred under other than arm's-length conditions or when transportation costs are a combination of arm's-length and non-arm's-length costs, Schedules 1, 1A, 1B, and 1C, as appropriate, will be used to determine the allowance and will be submitted to MMS with Page 1 of Form MMS-4295.

For purposes of this report, a sale means the disposition of gas or gas products under an arm's-length contract, non-arm's-length contract, or no contract situation. A transportation facility means a physical system associated with the transportation of gas or gas products from the lease to a point of disposition remote from the lease. A transportation segment is any mode of transportation from one point to another for which the payor can associate unique, identifiable costs. A transportation segment may be part of the total transportation facility such as from one tie-in to another tie-in location on the pipeline, or may constitute the entire facility. Examples of a transportation segment would be an origin-to-destination pipeline owned by the lessee or for which arm's-length rates apply, and truck haulage over specific routes where the equipment is owned by the lessee or for which arm's-length rates apply. An example of a multi-segment transportation system would be a pipeline bringing sour gas to a processing facility and rail or truck haulage to transport sulfur from the processing plant to a remote point of sale.

Form MMS-4295, Page 1, is used to report the royalty allowance amount claimed during the reporting period and to estimate the royalty allowance amount for the current reporting period by AID number, product code, and selling arrangement.

Form MMS-4295, Schedule 1, is used to accumulate segment costs and to compute the royalty allowance rate for a transportation facility. A separate Schedule 1 must be completed for each selling arrangement code under each accounting identification number (SAC/AID No.).

Form MMS-4295, Schedule 1A, summarizes operating, maintenance, and overhead costs for a non-arm's-length or no contract transportation segment.

Form MMS-4295, Supplemental Schedule 1A, is used to detail operating, maintenance, and overhead costs that could not be shown on Schedule 1A because of its limited space.

Form MMS-4295, Schedule 1B, summarizes depreciation and undepreciated capital investment costs for a non-arm's-length or no contract transportation segment.

Form MMS-4295, Schedule 1C, is used to determine an allowance for non-arm's-length or no contract transportation of Natural Gas Liquids (NGL's) or sulfur from a lease to a gas processing facility.

INSTRUCTIONS FOR COMPLETING FORM MMS-4295, Page 1

1. Enter the payor name and address used to report royalties and transportation deductions on Form MMS-2014.
2. Enter the same payor code as used on Form MMS-2014.
3. Reserved for payor comment.
4. Check the appropriate box in block 4 (Federal or Indian) to indicate the type of leases covered by this report. Separate reports must be prepared for Federal and Indian leases.
5. Enter the report type indicator as follows: "1" if this is an initial report for the accounting identification number - selling arrangement codes shown in columns 8 and 10 (only column 13 will be completed); "2" if this is a routine form to report the reporting period actual data and current period estimated data (both columns 12 and 13 must be completed); or "3" if this is a corrected report to correct previously reported data. A corrected report requires a two-line entry. The first line reverses the original entry using a minus sign (-) in columns 12a, 12b, 12c, 13a, 13b, and 13c, as applicable, and the second line shows the correct entry.
6. Enter as the reporting period the period covered by the actual cost data for the transportation allowance being reported in column 12. If this is an initial report for start-up, the completion of column 12 is not applicable. Enter as the reporting period the period covered by the estimated cost data being reported in column 13. The reporting period will be controlled by the arm's-length/payor-owned indicator in column 11. If a "4" or "5" is shown in column 11, the reporting period will be: (a) for the initial reporting period, beginning the month the lessee is first authorized to deduct a transportation allowance and ending at the end of the calendar year or when the transportation terminates, whichever is earlier, or (b) after the initial reporting period, beginning the first day of the calendar year and ending the last day of the calendar year or when the transportation terminates, whichever is earlier. If a "6" is shown in column 11, the reporting period will be: (a) for the initial reporting period, beginning the month the lessee is first authorized to deduct a transportation allowance and ending when the contract or rate terminates, is modified or amended, or the end of the calendar year, whichever is earlier, or (b) after the initial period, beginning the first day after the period covered by the previous Form MMS-4295 and ending when the contract or rate terminates, is modified or amended, or the end of the calendar year, whichever is earlier.
7. Line count; i.e., the number of allowances being reported.
8. Enter the same AID number as used on Form MMS-2014.
9. Enter the same product code as used on Form MMS-2014.
10. Enter the same selling arrangement code as used on Form MMS-2014.
11. Enter an arm's-length/payor-owned indicator as follows: "4" if 100% of the transportation costs were incurred under non-arm's-length conditions; "5" if transportation costs were a combination of arm's-length and non-arm's-length conditions; or "6" if 100 percent of the transportation costs were incurred under arm's-length conditions.

12. Column 12 is used to report actual cost data for the reporting period. If this is an initial report for start-up, do not complete column 12 and only complete column 13. Enter in column 12a the royalty quantity transported during the reporting period. Enter in column 12b the lesser of the transportation allowance rate from Schedule 1, line 16, or 50 percent of the unit value of the gas or gas product unless MMS has approved a rate in excess of 50 percent. Enter in column 12c the royalty allowance amount determined by multiplying column 12a by column 12b. (Royalty quantity is the total of the monthly royalty quantities reported under a specified selling arrangement during the reporting period. Unit value is determined by dividing the royalty value reported during the reporting period by the royalty quantity reported during the same period.)
13. Column 13 is used to report estimated transportation allowance for the current reporting period. The transportation quantity or allowance rate may be the same as the actual quantity or rate reported in column 12. If so, enter the corresponding values from columns 12a, 12b, and 12c into columns 13a, 13b, and 13c accordingly. If the lessee believes the quantity or the rate for the current reporting period will be higher or lower than the reporting period, the estimates should be adjusted upward or downward accordingly. Care should be taken to ensure that estimates are as accurate as possible and that the royalty allowance amount does not exceed 50 percent of the expected royalty value without prior MMS approval. If a transportation allowance is not applicable to the current period, enter zeros in column 13a, 13b, and 13c.

Estimates for transportation facility start-up must be computed as follows:

If transportation costs are to be incurred solely under arm's-length conditions, enter in column 13a the estimated royalty quantity to be transported during the current period. In column 13b enter the allowance rate per unit as specified in the arm's-length contract and shown on Schedule 1, line 16. In column 13c enter the estimated royalty allowance amount computed by multiplying column 13a times column 13b. (Note: the allowance rate cannot exceed 50 percent of the unit value of the product without prior MMS approval.)

For transportation costs to be incurred under non-arm's-length conditions or a combination of both arm's-length and non-arm's-length conditions, Schedules 1, 1A, 1B, and 1C, as appropriate, shall be used in estimating the allowance rate. Enter in column 13a the estimated royalty quantity to be transported. In column 13b enter the lesser of the estimated transportation allowance rate from Schedule 1, line 16, or 50 percent of the expected unit value of the gas product transported for the selling arrangement unless MMS has approved a rate in excess of 50 percent. In column 13c enter the royalty allowance amount determined by multiplying column 13a by column 13b.)

Enter page totals on line 12.

If more than one Form MMS-4295 is submitted, add the amounts on line 12 from each page and enter the total only once on line 13 of the last page of the Gas Transportation Allowance Report.

Indicate by checking the appropriate box whether the information should be considered proprietary or nonproprietary.